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## **PAYDAY LOAN COLLECTION CALLS SCAM**

BISMARCK – Attorney General Wayne Stenehjem warns North Dakota residents to be on the alert for conmen posing as collectors of payday loan debts. The scammers call individuals and threaten legal action unless payment is authorized from a bank account. In recent weeks, Stenehjem's office and the North Dakota Department of Financial Institutions (DFI) have received calls from consumers concerned about these bogus collection calls. The DFI regulates collection agencies and payday lenders.

Most of the consumers report they filled out an online payday loan application but never completed the process. In at least one case, however, the consumer reportedly took out a payday loan in the past from an online lender, but paid off the loan long ago.

"Be careful about what information you are submitting online," said Stenehjem. "Before entering personal information such as a social security number or financial account information, consider what you know about the business. It is risky to assume that every website offering instant credit or loan approval is legitimate. Likewise, don't volunteer or confirm such information in response to a phone call," he continued.

The victims reported that the phone calls seem to originate from outside the United States. Often, the fake debt collector already knows personal information about the individual, such as their name, Social Security Number, and place of employment, which can lead the consumer to think the call is from a legitimate debt collector. The scammers may ask the consumer to confirm the accuracy of bank account and other information. The information the scammers have on the victim likely has been collected from the online loan application.

In almost every case, the bogus collector threatens the victim with legal action, including a lawsuit or arrest, unless a payment is made immediately. The scammers attempt to force the victim into authorizing a direct withdrawal from a checking account. Some victims reported that they authorized or made payments before realizing they have been scammed.

Parrell Grossman, director of the Consumer Protection division, urged those who receive a suspicious debt collection call to remember the following advice:

- Do not give out any personal information over the telephone, including bank account numbers or credit card numbers;
- Always ask the debt collector to provide you with written documentation that substantiates the debt they are trying to collect;
- Contact the original creditor and ask whether the debt has been paid. If it has not, confirm that the debt was sold to a third party collector before making a payment.
- To file a complaint about a payday lender or debt collection agency, contact the ND Department of Financial Institutions at (701) 328-9933.